

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 NEA-10 IO-14 H-03 L-03 PRS-01

PA-04 USIA-15 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 EUR-25 /204 W

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TO SECSTATE WASHDC 0369

C O N F I D E N T I A L MANILA 0519

USADB

TREASURY FOR FINKEL

E.O. 11652: ADS, DECLAS 12/31/74

TAGS: EAID, EFIN

SUBJECT. USE OF U.S. CONTRIBUTION TO ADB SPECIAL FUNDS

1. CONSIDERABLE DISCUSSION HELD WITHIN BANK MANAGEMENT REGARDING MEANS BY WHICH U.S. SPECIAL FUNDS CONTRIBUTION CAN BE EXPEDITIOUSLY DISBURSED. BANK FEARFUL OF REPETITION OF EXPERIENCE WITH TIED CANADIAN CONTRIBUTION IN WHICH VIRTUALLY NO TIED CANADIAN FUNDS HAVE BEEN USED SINCE CONTRIBUTION WAS MADE IN 1968. CANADIANS, IN TURN, HAVE BEEN RELUCTANT TO PROVIDE ADDITIONAL SPECIAL FUNDS SINCE INITIAL CONTRIBUTION REMAINS UNUSED. CONSEQUENTLY, BANK HIGHLY CONCERNED TO AVOID SIMILAR SITUATION ARISING WITH RESPECT TO U.S. CONTRIBUTION IN LIGHT OF FURTHER FUNDING REQUESTS BEFORE U.S. CONGRESS.

2. BANK MANAGEMENT SERIOUSLY CONSIDERING EARMARKING PORTION OF U.S. \$50 MILLION CONTRIBUTION TO BE USED ON
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PROJECTS FOR WHICH BIDDING LIMITED SOLELY TO U.S.
FIRMS. PERHAPS AS MUCH AS \$30 MILLION WOULD BE

ALLOCATED UNDER SUCH AN ARRANGEMENT FOR PROJECTS IN
INDONESIA, BURMA, VIETNAM, ETC.

3. USADB GENERALLY OPPOSED TO SUCH SPECIAL ARRANGEMENTS
BELIEVING IMPACT COULD BE COUNTER-PRODUCTIVE TO FURTHER
FUNDING REQUESTS, CERTAINLY WITH RESPECT TO (A) REQUEST FOR
\$50 MILLION UNTIED CONTRIBUTION TO SECOND INSTALLMENT OF
ASIAN DEVELOPMENT FUND AND (B) REQUEST FOR UNTIED U.S.
SUBSCRIPTION TO ORDINARY CAPITAL INCREASE. IF LIMITED
BIDDING USED TO AWARD CONTRACTS TO U.S. SUPPLIERS,
CONGRESS MAY WELL CONCLUDE THAT TIED FEATURE IS ONLY
POSSIBLE MEANS OF ASSURING U.S. PROCUREMENT, AND HENCE,
MAY BE MORE CONVINCED THAN EVER THAT ANY SUBSEQUENT
CONTRIBUTIONS MUST BE TIED. CONSEQUENTLY, SEEMS
PREFERABLE TO USE OTHER MEANS TO EFFECT REASONABLE
DISBURSEMENTS OF U.S. SPECIAL FUNDS CONTRIBUTION. IN
THIS RESPECT, USADB FEELS BANK CAN BETTER PUBLICIZE
INVITATIONS TO BID, INCREASE LIAISON AND CONTACT WITH
RELEVANT U.S. MISSIONS IN FIELD REGARDING PENDING PROJECTS,
KEEP USADB MORE CLOSELY INFORMED ABOUT BIDDING SITUATIONS
IN CERTAIN INSTANCES IN WHICH U.S. MAY HAVE COMPETITIVE EDGE,
ETC. ONLY IF THESE TYPES OF EFFORTS SHOULD PROVE
UNSUCCESSFUL, OR ONLY IF U.S. SPECIAL FUNDS REMAIN UNDISBURSED
FOR OTHER REASONS, SHOULD BANK CONSIDER SPECIAL ARRANGEMENTS
LIKE THOSE MENTIONED PARA. TWO ABOVE TO AVOID REPETITION
OF CANADIAN SITUATION.

4. BANK MANAGEMENT HAS INDICATED TO USADB THAT NO PROPOSAL
SUCH AS THAT MENTIONED ABOVE WILL BE BROUGHT TO BOARD
FOR APPROVAL WITHOUT PRIOR CONCURRENCE USADB. HENCE,
WOULD APPRECIATE COMMENTS SOONEST.
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